

**BAL HARBOUR VILLAGE POLICE OFFICERS'
PENSION PLAN AND TRUST**

2nd Floor Conference Room
655 – 96th Street, Bal Harbour, Fl 33154
REGULAR QUARTERLY MEETING – JANUARY 25TH, 2016

1. Call to Order – Chairman Paul Eppler called the meeting of the Bal Harbour Village Police Officers' Pension Plan to order at 4:09 P.M.

Roll Call

Present

Chairman Paul Eppler
Secretary Dr. Abraham Gotman
David Levin
Hector Gonzalez

Absent

Daniel Gold

OTHERS PRESENT: Gregg Gosch and David Siegel from Sawgrass Asset Management, LLC, John McCann from Thistle Asset Consulting, Stephen H. Cypen, Esq., Attorney for the Fund and Joan L. Wall, Clerk to the Board of Trustees.

2. Additions/Deletions to Agenda. The invoice from Salem Trust in the amount of \$2,794.77 was received after the agenda was posted; bringing the total for Warrant #092 to \$48,892.51.

The actuary had offered to speak to the board via speakerphone regarding the ordinance issue that had delayed the actuary from completing the October 1, 2015 Actuarial Valuation and calculation of the GASB 67 & 68 information the auditor required. Chairman Eppler stated he could address the matter. The ordinance that was proposed for passage by Council did not agree with the signed bargaining agreement between the union and the Village, and the Actuarial Impact Statement prepared by the actuary agreed with the union bargaining agreement, but did not agree with the proposed ordinance. Recently the Village had decided to follow the union bargaining agreement.

3. Approval of Minutes for the meeting of October 26th, 2015. Chairman Eppler presented the minutes from the previous meeting for approval. Dr. Gotman moved to approve. David Levin seconded the motion. The motion carried unanimously.

4. Ratify Payment made in the Interim. Chairman Eppler presented Warrant #091 in the amount of \$2,500 that was signed January 10th, 2016, payable to the U S Treasury for the user fee to accompany an application for a favorable Determination

Letter. David Levin moved to ratify. Hector Gonzalez seconded the motion. The motion carried unanimously.

5. Approval of Warrant #092. Chairman Eppler presented Warrant #092 totaling \$48,892.51 for approval and payment. Hector Gonzalez moved to approve payment. David Levin seconded the motion. The motion carried unanimously, authorizing payment of the following:

Cypen & Cypen, Nov & Dec, 2015 & January, 2016 Retainers @ \$2,000		\$ 6,000.00
Joan L. Wall, 10/19/15 – 1/14/16, 51 ½ hrs @ \$44.99, 12 ¼ hrs @ \$46.79 plus expenses \$140.57		\$ 3,030.74
Sawgrass Asset Management; Investment Fee for Qtr Ending 12/31/15		\$25,383.00
Salem Trust Company, 10/1/15 – 12/31/15 Invoice		\$ 2,794.77
Thistle Asset Consulting, Inc., Performance Report for Qtr Ending 12/31/15		\$ 4,218.00
Holland & Knight, Invoice #3254701, dated 10/24/15	\$ 1,042.50	
Holland & Knight, Invoice #3268090, dated 11/20/15	\$ 472.50	
Holland & Knight, Invoice #3282564, dated 12/21/15	\$ 215.00	
<u>TOTAL</u>		\$ 1,730.00
Marcum, Invoice #10595879, dated 11/30/15	\$ 3,229.00	
Marcum, Invoice #101000250, dated 12/31/15	\$ 1,307.00	\$ 4,536.00
Daniel Gold, Reimbursement for 2015 Dues to FPPTA		\$ 600.00
FPPTA, Dues for 2016		\$ 600.00
<u>TOTAL For Warrant #092</u>		<u>\$48,892.51</u>

6. Approve DROP Distributions and Pension Benefits for Raul Martinez. Chairman Eppler presented the DROP Distributions for Raul Martinez totaling \$431,361.62. David Levin moved to approve payment. Hector Gonzalez seconded the motion. The motion carried unanimously, authorizing payment of the following:

Prudential Annuities (FBO Raul Martinez)	\$231,361.67
Prudential Annuities (FBO Raul Martinez)	\$200,000.00

Chairman Eppler presented the monthly pension benefit in the amount of \$7,699.01 payable effective January 1st, 2016 for approval. Dr. Gotman moved to approve. David Levin seconded the motion. The motion carried unanimously.

7. UNFINISHED BUSINESS – 9/28/15 communication from IRS to Holland & Knight regarding the application for a favorable determination letter, requesting the methodology for calculating the DROP is in the form of a proposed amendment. *(10/29/15 letter to Mayor regarding this matter has not be responded to per board*

action of 10/26/15) Attorney Cypen called David Wolpin, Esq. from the firm of Weiss Serota and discussed the situation. Attorney Cypen requested that the communication to the Mayor with attachments be forwarded to Attorney Wolpin, in addition to an email requesting a signed copy of the current ordinance passed by Council.

NEW BUSINESS

8. a) Gregory Gosch, Sawgrass Asset Management, LLC – Investment Report. Mr. Gosch introduced David Siegel, fixed income portfolio manager, who was present today. Mr. Gosch reviewed the equity returns with those present. In similar fashion to the 4th quarter of last year, the equity markets sharply rallied as the S&P 500 rose 7% in the 4th quarter erasing the 3rd quarter decline and leaving the S&P 500 barely positive for the year at 1.4%. On a positive note, despite a weak 2015, Sawgrass is pleased to have outperformed the RIG over the strong 5 year period during which the RIG led the markets. As we enter 2016 equities have begun to show some vulnerability. The question is whether it is the beginning of a more significant decline or another “buy the dip” opportunity. Mr. Siegel reviewed the fixed income returns. The main theme in the bond market, aside from domestic strength vs global weakness, is the expected path of rate hikes after the first move last December. Developments outside the US were also important drivers in the bond market. Short duration position helped and allocation along the yield curve also helped. Volatility is expected to remain elevated. We expect high grade spreads to outperform as the economy improves and rates move higher in the medium term.

Mr. Gosch stated effective January 1st, 2016, Sawgrass was offering to lower their fee to a flat 50 basis points, which would save the plan approximately \$10,000 per year, and the movement of funds from the current ETF investment to the Sawgrass Small Cap Growth Equity Portfolio managed by Dean McQuiddy. Hector Gonzalez moved to approve this investment change. David Levin seconded the motion. The motion carried unanimously. Attorney Cypen requested that Sawgrass send a letter outlining the changes.

8. b) John McCann, Thistle Asset Consulting

- **Performance Report for Quarter Ending 12/31/2015.** Mr. McCann reported that all answers to the Compliance Report were favorable. Asset allocation on 12/31/15 was 59% equities, 39% fixed income and 2% cash totaling \$18,805,000. The net return for the quarter was 3.35%, 1.12% for one year, 10.06% for three years and 9.41% for five years as compared with the policy returns of 3.97%, 1.49%, 9.46% and 8.65% for the same time periods. The fund had outperformed for the three and five year periods, ranking in the 32nd and 12th percentiles. There were no recommendations for changes or rebalancing.

- **Merger.** Mr. McCann announced that he had made Brendon Vavrica a partner and had merged his firm with that of The Bogdahn Group. Bogdahn had agreed to assume all obligations under the contract as of April 1, 2016.

8. c) Review/Accept – Net DROP Return of 3.35% for the quarter ending 12/31/15. Based on the report from the investment consultant, Hector Gonzalez moved to accept the return. Dr. Gotman seconded the motion. The motion carried unanimously.

8. d) Schools/Conferences – FPPTA's Winter Trustees' School was scheduled for January 31st, through February 3rd, 2016 at the Hilton Lake Buena Vista in Orlando, FL.

8. e) Marcum – Possible Presentation of Financial Statements. The auditor has been waiting for the GASB 67 and 68 numbers from the actuary as previously discussed. A recent email from the actuary to the auditor stated there had been a lot of back and forth regarding how to interpret the changes to the COLA. Mr. Donlan's concern had been as to how the COLA should be valued and then he will complete the statements for GASB 67 and 68 in the following couple of weeks.

8. f) Status of Contract with Fiduciary International. Attorney Cypen reported his office had sent a revised contract to Fiduciary on 12/31/15 after review of Fiduciary's contract. To date nothing had been received. The matter was continued to the next meeting.

9. Input from Active/Retired Members – None

10. Trustees' Concerns

- **Election Results** – Pending (continued from 10/26/15) A recent email from Dwight Danie, Village Clerk, to all current members of the plan advised that Paul Eppler and Hector Gonzalez had run unopposed and would serve two years as trustees from 10/1/15 to 9/30/17.
- **Appointment of 5th Trustee – Pending Election Results** (continued from 10/26/15) With the issue of the trustee election settled, Hector Gonzalez moved to nominate Daniel Gold to the position of Fifth Trustee for a two year period beginning 10/1/15 to 9/30/17. David Levin seconded the nomination. Roll Call was taken with all four trustees voting yes. Attorney Cypen advised the Village Clerk be notified and asked to have the Village Council approve the board's appointment of Daniel Gold to the position of Fifth trustee as a ministerial function.
- **Review of Proposed Ordinance passed on first reading in September, and final reading on October 20, 2015 that closes plan with all new members participating with FRS** (continued from 10/26/15). A signed copy of this ordinance as of its passing on second reading had not been received. Attorney Cypen recommended sending an email to Attorney David Wolpin.

11. Public Comments – None.

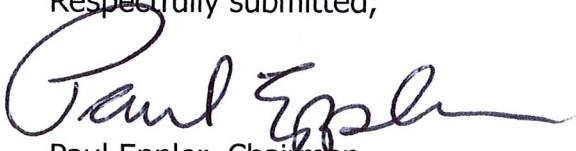
12. REPORTS

- **Attorney** – Code of Conduct for Public Pension Service Providers (NCPERS) Attorney Cypen advised obtaining Schedule A referred to under item 10 and place the matter on the next agenda.
- **Board Clerk** – Annual Affidavits were sent on 1/5/2016
- **Other** – None

13. Next Meeting Date/Adjournment. Chairman Eppler announced the next regular quarterly meeting was scheduled for Monday, April 25th, 2016 at 3 P.M.

There being no further business before the board, David Levin moved to adjourn at 5:52 P.M. Dr. Gotman seconded the motion. The motion carried unanimously.

Respectfully submitted,



Paul Eppler, Chairman



Dr. Abraham Gotman, Secretary